

American Government: Stories of a Nation for the AP® Course

Guided Reading

Section 4.5: Congress and the Budget

Name _____
Date _____ Class _____

 **Before you read**

Before reading this section, take a moment to read the Learning Target and vocabulary terms you will encounter.

Learning Target: Describe how Congress creates a budget that addresses discretionary and mandatory spending.

AP® Key Concepts

Office of Management and Budget (OMB)	budget surplus
entitlement program	budget deficit
mandatory spending	national debt
discretionary spending	

 **While you read**

Use the following table to take notes as you read the section.

Congressional budget processes	Impact on spending	Impact on government

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 **After you read**

Once you've finished reading the section, answer the following questions.

1. In 1970, the Office of Management and Budget (OMB) was created in order to:
 - A. make Congress stay on a budget.
 - B. pass legislation related to the budget.
 - C. assist the president with setting national spending priorities.
 - D. keep the Supreme Court involved with the budget.

2. An example of an entitlement program is:
 - A. Social Security.
 - B. private education.
 - C. life insurance.
 - D. income tax.

3. Presidents and Congress also practice discretionary spending, which is:
 - A. done on items that the president and Congress feel is important.
 - B. determined by what the voters want.
 - C. allocated for committee business only.
 - D. meant just for defense purposes.

4. The House and Senate appropriations committees are responsible for:
 - A. overseeing the budgeting process.
 - B. setting the budgets for the departments, agencies, and bureaus within the government.
 - C. overseeing financial institutions like the Federal Reserve.
 - D. depositing of public funds.

5. When the federal government spends less than it earns, it is called a budget _____.

6. With each budget deficit, the United States has to borrow money, which:
 - A. increases the national debt.
 - B. increases the national surplus.
 - C. decreases interest rates.
 - D. decreases the deficit.

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7. _____ is an example of a program that the Social Security Act of 1935 created.
- A. Head Start
 - B. Pell Grant
 - C. Roth IRA
 - D. Old Age Insurance
8. A solution to the problem of Social Security funding is:
- A. lowering the age limit for Social Security.
 - B. increasing the deficit.
 - C. reducing benefits to current beneficiaries.
 - D. cutting welfare spending.
9. There is concern that allowing funds from Social Security to be privately invested will:
- A. leave the system open to corruption.
 - B. leave many beneficiaries without funding.
 - C. leave beneficiaries at the mercy of an unstable system.
 - D. leave beneficiaries to figure out their own retirement.